
EXHIBIT F6

EAST WHITELAND TRUNK LINE AGREEMENT, DATED
FEBRUARY 1, 1971, BY AND BETWEEN EAST WHITELAND
MUNICIPAL AUTHORITY, THE TOWNSHIP OF EAST
WHITELAND, MALVERN MUNICIPAL AUTHORITY, THE
BOROUGH OF MALVERN, AND VALLEY FORGE SEWER
AUTHORITY

Rev.
2/10/71

*copy for Dr. Weinstock
to keep*

EAST WHITELAND TRUNK LINE AGREEMENT

THIS AGREEMENT, dated as of the first day of February, 1971, by and between EAST WHITELAND MUNICIPAL AUTHORITY (East Whiteland Authority), a municipal authority organized by the Township of East Whiteland and operating under the provisions of the Municipality Authorities Act of 1945, the Act of May 2, 1945, P.L. 382, its supplements and amendments, and the TOWNSHIP OF EAST WHITELAND (East Whiteland Township), a second class township, parties of the first part, and MALVERN MUNICIPAL AUTHORITY (Malvern Authority) and the BOROUGH OF MALVERN (Malvern), parties of the second part, and VALLEY FORGE SEWER AUTHORITY, party of the third part, all of said parties being municipal authorities or political subdivisions within the County of Chester, Commonwealth of Pennsylvania.

W I T N E S S E T H :

WHEREAS, the parties hereto have constructed or provided for or are about to construct or provide for sanitary sewer collection systems; and

WHEREAS, the parties desire to dispose of sewage described hereinafter by a treatment plant (hereinafter called the "Valley Forge Treatment Plant") to be located on the Schuylkill River in Schuylkill Township, Chester County, Pennsylvania, which treatment plant is to be constructed and operated by Valley Forge Sewer Authority (a municipality authority formed by Schuylkill, East Pikeland and Charlestown Townships); and

WHEREAS, a substantial portion of the sewage emanating from within the municipalities which is to be disposed of by the aforesaid treatment plant is to be discharged into and conveyed to the aforesaid treatment plant by interceptors or trunk sewers to be constructed by Tredyffrin Township Municipal Authority (Tredyffrin Authority), which interceptors or trunk sewers, including pumping stations and appurtenances are hereinafter called, collectively, the "Valley Creek Trunk Sewer", are to be leased by Tredyffrin Authority to the Township of Tredyffrin, which will operate said Valley Creek Trunk Sewer; and

WHEREAS, all of the sewage emanating from Malvern, which is to be disposed of by the Valley Forge Treatment Plant must pass through East Whiteland to reach the Valley Creek Trunk Sewer; and

WHEREAS, East Whiteland Authority has agreed to construct an interceptor or trunk sewer which will be called the East Whiteland Trunk Line, and Malvern Authority and Malvern have indicated they will utilize said Trunk Line and share in the cost of its construction and operation for the mutual benefit of the parties.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN CONTAINED, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

ARTICLE I

CONSTRUCTION OF EAST WHITELAND TRUNK LINE

1.01 Engineering Services.

Each party hereby approves the contract dated June 20, 1966, between East Whiteland Authority and Roy F. Weston, Inc. (hereinafter called the "Consulting Engineers"), for engineering

services in respect of the construction of sewerage facilities to serve the East Whiteland Township and interceptors or trunk sewers, and appurtenances, to be located as set forth on the attached Exhibit "A" - the East Whiteland Trunk Line. A copy of said contract having been delivered to each party, the municipalities and municipality authority set forth in Exhibit "B" (hereinafter referred in this Article I as the "municipalities") agree to share the cost of such engineering design in accordance with the percentages applicable to each section or reach of said trunk line set forth in Exhibit "B" attached hereto. The parties hereto likewise agree to share the cost of surveys and test borings incident to the aforesaid design in accordance with said percentages. When payments for such engineering design, surveys and test borings fall due from time to time, each such municipality upon receipt of a copy of an invoice from the Consulting Engineers, shall promptly pay or cause to be paid to East Whiteland Authority for delivery to the Consulting Engineers (or, upon request of East Whiteland Authority, directly to the Consulting Engineers) that percentage of such invoice as is set forth in said Exhibit. Nothing herein contained shall be construed so as to make any party hereto (other than East Whiteland Authority) a party to said contract between East Whiteland Authority and the Consulting Engineers. If any payment required of a party hereto under this Section 1.01 is not made within thirty (30) days of the receipt of the aforesaid copy of invoice, interest shall accrue at the rate of six per cent (6%) per annum from such date.

1.02 Design Capacity; Construction of East Whiteland Trunk Line.

For each such municipality listed in Exhibit B, said East Whiteland Trunk Line shall provide the design capacity (reserved capacity) for each section or reach of the respective interceptor or trunk sewers as set forth after the name of each such municipality in said Exhibit. East Whiteland Authority, in accordance with said contract with the Consulting Engineers shall cause plans and specifications for the East Whiteland Trunk Line to be completed with all reasonable dispatch. East Whiteland Authority, upon receipt of capital contributions as provided in Article II hereof shall award construction contracts and cause the East Whiteland Trunk Line to be constructed with reasonable dispatch, all in accordance with said plans and specifications and sound engineering principles.

1.03 Review and Inspection.

Throughout the term of this Agreement, East Whiteland Authority shall cause the Consulting Engineers to make available at reasonable times and places any information concerning the design, construction and operation of the East Whiteland Trunk Line reasonably requested by Malvern Authority or Malvern. Members of the governing body of Malvern and the consulting engineers, employees and representatives of Malvern shall have the right at all reasonable times during construction and thereafter to inspect the construction and operation of the East Whiteland Trunk Line and all records of East Whiteland Authority and East Whiteland Township in respect thereof. East Whiteland Authority and East Whiteland Township, at reasonable times, shall receive and consider the opinions, comments and suggestions of Malvern or Malvern Authority and of the

consulting engineer of Malvern and Malvern Authority.

1.04 Date of completion of East Whiteland Trunk Line.

East Whiteland Authority shall make every reasonable effort to cause the East Whiteland Trunk Line to be completed with reasonable dispatch.

ARTICLE II

CAPITAL CONTRIBUTIONS

2.01 Percentages.

Subject to limitations hereinafter provided, each of the municipalities and municipality authorities listed in Exhibit B attached hereto (hereinafter referred to in this Article II as the "municipalities") shall bear the percentage of the total project cost of constructing the several sections or reaches of the respective interceptor or trunk sewers of the East Whiteland Trunk Line as set forth after its name in said Exhibit B, which lists the reserved capacity requirements of each party in each such section or reach of sewer, and are referred to hereinafter as "said percentages". The total estimated project cost of constructing the East Whiteland Trunk Line and of each section or reach thereof to be constructed as part of said Trunk Line is set forth in Exhibit B. The total project cost of constructing the East Whiteland Trunk Line shall include construction contract payments, land costs, engineering, surveying, boring and construction representation fees and expenses (other than those paid for under Section 1.01 hereof), legal fees incident to the construction (including preparation and review of

documents needed before construction can commence), a reasonable contingency fund and all other charges, costs and expenses incident to such construction and which are properly chargeable thereto under sound accounting practice but excluding (i) financing costs and (ii) all costs and expenses properly chargeable to East Whiteland Authority for construction of the balance of its own sewage collection system under sound accounting practice. Allocation of costs and expenses between the cost of constructing the East Whiteland Trunk Line and the cost of constructing of the balance of said collection system of East Whiteland Authority shall be subject to adjustment upon audit as provided for hereinafter.

2.02 Payment of Capital Contributions.

No capital contribution in respect of construction shall be due hereunder unless prior to the date of payment plans and specifications for the East Whiteland Trunk Line and revisions thereof, if any, have been approved by the municipalities. Disapprovals may be based only on sound engineering reasons. Within sixty (60) days of the date on which construction bids are received by East Whiteland Authority (or, in the event of increased costs requiring approval pursuant to Section 2.03 hereof, within sixty (60) days of approval pursuant thereto) time being of the essence of this Agreement, each of said municipalities listed in Exhibit B shall pay to East Whiteland Authority the total of (1) the share of the estimated total project cost of constructing the East Whiteland Trunk Line set forth in dollars after its name in Exhibit B, (2) said percentage of the amount by which the total project cost as stated by the Consulting Engineers after

the receipt of construction bids exceeds the estimates set forth in Exhibit B, up to an increase of 15% of said estimates, and (3) such amount as may be due pursuant to the next succeeding Section hereof.

2.03 Change in Project Cost.

In the event, after the receipt of construction bids, the total project cost (before deducting any federal or state grants) of constructing the East Whiteland Trunk Line is increased by more than 15% of the estimate set forth in Exhibit B, and such a revision is approved by Malvern Authority, each municipality listed in Exhibit B shall pay said percentage of said increase to East Whiteland Authority by the time set forth in the preceding section. In the event, after receipt of construction bids, the total project cost of constructing the East Whiteland Trunk Line is less than the estimate set forth in Exhibit B, the total payment to be made by each such municipality under Sections 2.01 and 2.02 hereof shall be proportionately reduced and refunds of payments made under Section 1.01 shall be made proportionately.

2.04 Grants.

Each party authorizes and directs East Whiteland Authority on behalf of each such municipality or municipality authority from time to time to apply for and accept all available grants in aid towards any East Whiteland Trunk Line construction costs and any East Whiteland Trunk Line operating costs of any nature to be used in accordance with this Agreement. All Federal and State grants received by any such municipality properly

allocable to and to be applied to the project cost of constructing the East Whiteland Trunk Line shall be paid to East Whiteland Authority and the total payment to be made by each municipality under Sections 2.01 and 2.02 hereof shall be reduced proportionately by such grant or grants.

All Federal and State grants received by East Whiteland Authority which are properly allocable to the project cost of constructing the East Whiteland Trunk Line shall be applied by East Whiteland Authority to the payment of such project cost or in reimbursement of expenditures so made and the total payment to be made by each municipality under Sections 1.01, 2.01 and 2.02 hereof shall be reduced accordingly. If any such Federal or State grants shall have been awarded to East Whiteland Authority and an agreement with the appropriate Federal or State agency executed on or before the date capital contributions are to be made under Section 2.02, then such total payment to be made by each municipality shall be reduced appropriately. If any such Federal or State grant is awarded or the agreement with the appropriate Federal or State agency executed by East Whiteland Authority after the aforesaid payments have been made by the municipalities under Section 2.02, such grants shall be applied in the computation of any surplus or deficiency of capital contribution pursuant to Section 2.08 hereof.

Federal and State grants which are allocable to the project cost of constructing the East Whiteland Trunk Line and other portions of the sewer system constructed by East Whiteland Authority and used as collector sewers to serve East Whiteland Township shall be apportioned by the Consulting Engineers between the project cost of constructing the East Whiteland Trunk Line and such other portions of said sewer system and the portion of such grants thus determined to be allocable to the project cost

of constructing the East Whiteland Trunk Line shall be applied to the payment of the project cost of the East Whiteland Trunk Line or in reimbursement of expenditures so made.

All Federal and State contributions or grants in aid received by any of said municipalities properly allocable to and to be applied towards any cost of operation, maintenance, repair, replacement, or other expenses relating to the East Whiteland Trunk Line shall be paid over to East Whiteland Township and shall be deducted in determining actual annual operating expenses of the East Whiteland Trunk Line in accordance with Section 4.07 hereof.

2.05 Construction Fund.

East Whiteland Authority shall deposit all amounts delivered by all parties to it pursuant to this Article, together with East Whiteland Authority's share and all amounts received in payment of Federal and State grants allocable to the project cost of constructing the East Whiteland Trunk Line, in a special East Whiteland Trunk Line Construction Fund (hereinafter called "Construction Fund"). Such Construction Fund moneys shall be held and invested by a Trustee selected by East Whiteland Authority and to the extent not insured by the Federal Deposit Insurance Corporation or other Federal agency, or invested as hereinafter provided shall be continuously secured by the pledge of direct obligations of the United States of America or the Commonwealth of Pennsylvania having an aggregate market value (exclusive of accrued interest) at all times at least equal to the amount of such moneys. Such moneys may be wholly or partially invested by said Trustee only in direct obligations of the United States of America and certificates of deposit which

shall mature or shall be subject to redemption at the option of the holder not later than one year from the date of such investment. Any securities so purchased shall be a part of the Construction Fund. The interest and income received from time to time upon investments and any profit realized or loss sustained from the sale of such securities shall be added or charged to the Construction Fund and such interest, income, profit or loss shall be considered in the computation of any surplus or deficiency as provided in Section 2.08. Moneys paid to the East Whiteland Authority pursuant to this Agreement shall at all times be segregated in books of account from moneys received by East Whiteland Authority for any other purpose.

2.06 Construction Fund Requisitions.

East Whiteland Authority agrees that payments from the East Whiteland Trunk Line Construction Fund shall be made only upon requisitions, copies of which shall be available to any of said municipalities, duly executed by authorized representatives of East Whiteland Authority stating: (a) the amount requested; (b) the obligation for or the account for which the requisition is made, showing separately the total obligation, the amount already paid, if any, and the balance remaining to be paid; (c) the person to whom the payment shall be made and his address; (d) that the item for which requisition has been made has not been paid and (e) with respect to such item there are no vendors', mechanics' or other liens or secured transactions which will not be discharged by such payment.

In case of payments under construction contracts, such requisitions shall also contain a certificate of the Consulting

Engineers certifying approval of the requisition and further certifying that such obligation has been properly incurred and is then due and unpaid and that insofar as such obligation was incurred for work, materials, supplies or equipment, such work was actually performed or such materials, supplies or equipment were actually installed in or about the construction of the East Whiteland Trunk Line, or delivered at the site of the work for that purpose, or delivered for fabrication at the place approved by the Consulting Engineers; and that all work done and materials, supplies or equipment for which such obligation was incurred are, in the Consulting Engineers' opinion, in accordance with the plans and specifications.

2.07 Change Orders.

East Whiteland Authority agrees to notify each of said municipalities of all changes or alterations in the East Whiteland Trunk Line plans and specifications. No change order concerning said plans and specifications in excess of \$25,000. shall be approved by East Whiteland Authority unless it has previously been approved by Malvern Authority; provided, however, that if written notification of disapproval is not received by the East Whiteland Authority within ten (10) days of the date requested for approval of any change order is delivered to an officer of Malvern Authority, such change order shall be deemed to have been approved by such municipality. East Whiteland Authority further agrees that, without the prior approval of Malvern Authority, no change or alteration will be made in any of the plans and specifications of the Consulting Engineers, in respect to the

East Whiteland Trunk Line, which will cause the cost of construction to exceed the amount available in the East Whiteland Trunk Line Construction Fund.

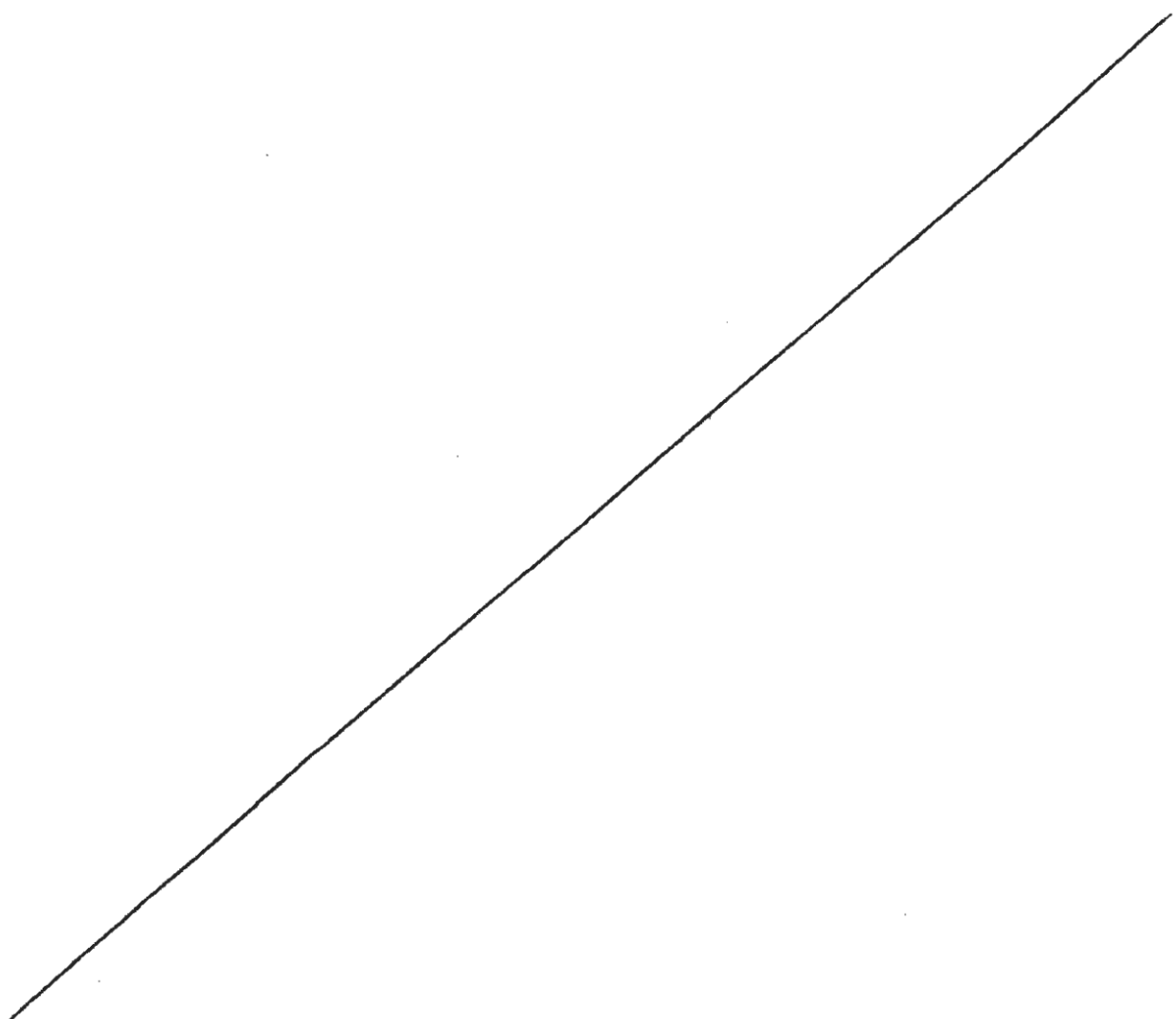
2.08 Distribution of Construction Fund.

Upon completion of the construction of the East Whiteland Trunk Line, East Whiteland Authority shall deliver to each party a certificate of the Consulting Engineers stating (a) the fact of such completion and (b) in reasonably itemized form, the actual project cost of constructing the East Whiteland Trunk Line (i) after deducting therefrom the unexpended contingency fund, if any, and the amount of any applicable Federal or State grants paid into Construction Fund and not previously used to reduce payments in accordance with Section 2.04 and (ii) after making appropriate adjustments in respect of net income, gain or loss from investments. If any municipality's share of the actual cost of constructing the East Whiteland Trunk Line after adjustments (i) and (ii) is less than the total amount deposited by it as required by this Agreement, the excess of such deposits shall forthwith be refunded to such municipality if no municipality, within sixty (60) days of receipt of said certificate, has requested a readjustment or audit and, in the event of such a request, shall be refunded promptly after the matter is resolved. A deficiency, if any, incurred in accordance with this Agreement shall be charged to and paid by each such municipality in said percentages and shall be due within thirty (30) days of notice to pay, and if not then paid, shall be subject to interest at the rate of six per cent (6%) per annum until paid. Prior to

completion of the East Whiteland Trunk Line, East Whiteland Authority may make one or more interim distributions on the basis of information then available, which distributions shall be subject to adjustment at the time of final distribution.

2.09 Audit of Project Cost.

The said certificate of the Consulting Engineers as to the actual project cost of constructing the East Whiteland Trunk Line and the records from which it is compiled shall be audited by a certified public accountant selected by East Whiteland Authority and the expense of such audit shall constitute part of the project cost. _____



ARTICLE I I I

DELIVERY AND ACCEPTANCE OF SEWAGE

3.01 Delivery.

Malvern Authority, at its own expense, shall during the term of this Agreement cause all sewage emanating from The Borough of Malvern to be discharged into East Whiteland Trunk Line. Except as permitted pursuant to Article VII hereof, Malvern Authority shall not exceed the capacity reserved by it.

3.02 Acceptance.

Malvern shall commence delivering its sewage to the East Whiteland Trunk Line as soon as practicable after (a) the East Whiteland Trunk Line is sufficiently complete to provide service (as certified by the Consulting Engineers engaged by East Whiteland Authority) and (b) the Valley Creek Trunk Sewer is sufficiently complete to provide service (as certified by the Consulting Engineers engaged by Treddyffrin Authority) and (c) the treatment plant to be constructed by Valley Forge Sewer Authority to receive and treat the aforesaid sewage is sufficiently complete to provide service (as certified by the consulting engineers engaged by Valley Forge Sewer Authority in respect of the design and construction of said treatment plant). East Whiteland Authority, as soon as practicable after the East Whiteland Trunk Line and the Valley Creek Trunk Sewer and the aforesaid treatment plant are sufficiently complete to provide service as so certified, shall permit connections at the locations that East Whiteland Authority may agree to, which agreement may not be unreasonably withheld and shall accept sewage for conveyance to the aforesaid treatment plant subject to the terms and conditions herein set forth.

ARTICLE IV

OPERATING EXPENSES OF THE EAST WHITELAND TRUNK LINE

4.01 Proportion.

The Borough of Malvern and the Township of East Whiteland (which Borough and Township in this Article IV are referred to as "said municipalities") shall share the operating expenses of the East Whiteland Trunk Line (as defined in Section 4.06) as follows: The proportion that the volume of sewage (determined as hereinafter provided and by other agreement of the parties) emanating from each such municipality and discharged into the several sections or reaches of the interceptor or trunk sewer, constituting the East Whiteland Trunk Line bears to the total volume of sewage discharged by both of said municipalities into such sections or reaches shall be used in calculating the amount that each such municipality shall pay for sewage conveyance services. Operating expenses of the East Whiteland Trunk Line for the first two years of operation shall be paid as set forth in Section 4.13 hereof.

4.02 Estimates of Volume of Sewage.

In order to provide East Whiteland Township with working capital for payment of operating expenses of the East Whiteland Trunk Line, at least one hundred twenty (120) days prior to the end of the first two years of operation of the East Whiteland Trunk Line each said municipality shall supply or cause to be supplied to East Whiteland Authority an estimate of the volume of sewage to be discharged from its sewage collection system into the East Whiteland Trunk Line during the next succeeding calendar Year (or portion of a calendar year remaining after the end of the first two years of operation).

4.03 Estimated East Whiteland Trunk Line Operating Expenses.

Within sixty (60) days after receipt of the estimates provided under the preceding section, East Whiteland Township shall prepare, subject to the

approval of its consulting engineers, and furnish to Malvern, a budget setting forth (a) the estimated annual operating expenses of the several sections or reaches (including at least ten percent (10%) for contingencies) and (b) the share of each said municipality of such operating expenses (the share of each said municipality being an amount which is in the same ratio to the total of such expenses as the estimated volume of sewage from such municipality discharged in the several sections or reaches of the East Whiteland Trunk Line is to the total estimated volume of sewage from both of the said municipalities so discharged or served). If at any time it appears on the basis of past or current meter readings that the estimate of Malvern is substantially inaccurate, East Whiteland Township may revise said estimate based on such past or current meter readings and Malvern shall promptly make payments in accordance with the revised estimate.

In the event of an unusual contingency, an upward revision of the budget may be made by East Whiteland Township with the approval of Malvern, which approval shall not be unreasonably withheld; provided, however, that the budget may be exceeded without such prior approval in an emergency directly affecting the operation of the East Whiteland Trunk Line and certified by the consulting engineers engaged by East Whiteland Authority or East Whiteland Township to require immediate action. Each such municipality shall make payments in accordance with the revised budget within sixty (60) days of receipt of notice thereof. In the event a municipality is not able legally to obtain funds with which to pay all of its share of the budget increase, any unpaid amount shall be paid by it in the following year together with interest at the rate of six percent (6%) per annum until paid.

4.04 Payments on account of Estimated Operating Expenses.

On or before each January 1, April 1, July 1 and October 1 during the term of this Agreement, Malvern shall pay to East Whiteland Township (out of legally available current revenues and from sewer rentals) one quarter (1/4) of its share of the estimated annual operating expenses of the East Whiteland Trunk Line as determined in accordance with the preceding section (prorated if the two-year period referred to in Section 4.01 ends during rather than at the start of a quarter). Amounts not paid when due shall be subject to interest in the amount of six percent (6%) per annum of the amount due. Said interest shall be due from time to time upon the receipt of invoices from East Whiteland Township. In the event of a default in payment under this Section, East Whiteland Township may borrow all or part of the amount of such payment due hereunder and may use such interest to pay, or reimburse itself for paying, interest on such borrowed funds. Interest not so used shall be treated as a deduction under Section 4.07 hereof in determining actual annual operating expenses of the East Whiteland Trunk Line.

East Whiteland Township shall deposit all moneys delivered by all parties to it pursuant to this Article, together with the East Whiteland Township's share and all amounts received in payment of Federal and State contributions or grants in aid to be applied towards any cost of operation, maintenance, repair, replacement or other expenses relating to the East Whiteland Trunk Line, in a special East Whiteland Trunk Line Operating Fund (hereinafter called "Operating Fund"). Such Operating Fund moneys shall be invested by East Whiteland Township and to the extent not insured by the Federal Deposit Insurance Corporation or other Federal Agencies, or invested as hereinafter provided shall be continuously secured by the pledge of direct obligations of the United States of America or the Commonwealth of Pennsylvania having an aggregate market value (exclusive of accrued interest) at all times at least equal to the amount of such moneys.

Such moneys may be wholly or partially invested by said Township subject to the same limitations set forth in Section 2.05. Any securities so purchased shall be a part of the Operating Fund. The interest and income received from time to time upon investments and any profit realized or loss sustained from the sale of such securities shall be added to or charged to the Operating Fund and such interest, income, profit or loss shall be considered in determining the actual annual operating expenses of the East Whiteland Trunk Line pursuant to Section 4.06 hereof.

4.05 Annual Statement.

Within one-hundred twenty (120) days of the close of each calendar year, East Whiteland Township shall cause to be prepared and submitted to each of said municipalities a detailed statement, certified by a certified public accountant engaged by East Whiteland Township, showing the actual annual operating expenses of the East Whiteland Trunk Line (as defined in the next succeeding Section) and the apportionment of the cost among the said municipalities on the basis of Section 4.01.

4.06 Actual Annual Operating Expenses of the East Whiteland Trunk Line.

"Actual annual operating expenses of the East Whiteland Trunk Line" shall mean the sum of the costs referred to in subsections (a) through (f) hereof minus the deductions referred to in Section 4.07 hereof:

(a) All the actual reasonable expenses and costs of the adequate proper operation, maintenance and repair of the East Whiteland Trunk Line as the same may be constituted from time to time, determined in accordance with sound accounting practices and shall include, without limiting the generality of the foregoing, salaries and wages of operating, supervisory and administrative personnel directly charged to the operation, maintenance and repair of the East Whiteland Trunk Line (but in the event such personnel are also engaged in other activities of a municipality, shall include only that proportion of such salaries

and wages as is properly allocable to such operation, maintenance and repair on the basis of time spent or services performed); pensions, social security or unemployment taxes; chemicals; power; taxes (if any); insurance; administrative expenses; materials and supplies; maintenance; and repairs, improvements and betterments (including ordinary or routine repairs and replacements but not extraordinary replacements or additions of a capital nature which latter shall be treated in the manner provided for expansion in Section 7.02, except to the extent that Article VIII shall apply);

(b) The fees and expenses of the Consulting Engineers employed by East Whiteland Township concerning the operation, maintenance and repair of the East Whiteland Trunk Line and in preparing reports and determinations required by this Agreement;

(c) The fees and expenses of the certified public accountant engaged by East Whiteland Township to prepare the annual statement;

(d) Interest paid by East Whiteland Township pursuant to Section 4.04 hereof;

(e) The cost of that portion of the bond of the Treasurer and other officers or employees of East Whiteland Township attributable to his or their duties in connection with East Whiteland Trunk Line, under sound accounting practices; and

(f) Reasonable expenses of East Whiteland Township in providing service pursuant to this Agreement and attributable to the East Whiteland Trunk Line under sound accounting practices.

4.07 Deductions.

Any Federal or State contributions or grants in aid received by any party which is to be applied towards any cost of operation, maintenance, repair, replacement or other expenses relating to the East Whiteland Trunk Line shall be

paid to East Whiteland Township and shall be deducted in determining actual annual operating expenses of the East Whiteland Trunk Line. Interest properly allocable thereto pursuant to Section 4.04 and interest earned by East Whiteland Township on funds deposited in the Operating Expense Fund pursuant to Section 4.03 or Section 4.13 shall be deducted in determining such actual operating expenses.

4.08 Refunds of Additional Payments.

If any such municipality's share of the actual annual operating expenses of the East Whiteland Trunk Line is less than (or more than) the total amount paid by it under this Article in such calendar year, the excess shall forthwith be refunded to such municipality (or the deficiency shall forthwith be paid by it) if no municipality within sixty (60) days of receipt of an annual statement has requested arbitration in accordance with Article IX and in the event of such a request, any excess (or deficiency) shall be refunded (or paid) within thirty (30) days after the matter is resolved. Amounts not paid when due shall be subject to interest at the rate of six percent (6%) per annum of the amount due and shall be subject to the provisions concerning interest of Section 4.04 hereof.

4.09 Use of Funds.

East Whiteland Township agrees that payments made by the said municipalities to East Whiteland Township on account of its share of operating expenses of the East Whiteland Trunk Line shall be applied only for the payment of actual operating expenses as defined in Section 4.06, subject to Section 4.07, and that such payments shall not be applied toward the payment of any other obligations of East Whiteland Township.

4.10 Books of Account.

In order that expenses of East Whiteland Township which are not properly allocable to the construction or operation of the East Whiteland Trunk Line shall

not be charged thereto, East Whiteland Township shall keep separate books of account for the operation of its collection system and for the East Whiteland Trunk Line or such books of account and other records which would readily permit such allocation. Said books and records shall be available for inspection by the municipalities at all times.

4.11 Sewer Rentals.

To insure the availability of current revenues adequate to meet its obligations under this Agreement, each said municipality shall impose and collect annual sewer rentals in an aggregate amount sufficient, together with other legally available funds, to equal (a) all sums payable by it to East Whiteland Township during the then current calendar year under this Agreement and (b) all sums payable by it to any other person, firm, corporation, municipality or municipality authority during the then current calendar year for or in respect to sewer purposes.

4.12 Commencement of Discharge into East Whiteland Trunk Line.

Each party shall make every reasonable effort to be ready to begin to discharge sewage into the East Whiteland Trunk Line by the time it and the Valley Creek Trunk Sewer are ready to receive sewage, and the aforesaid Valley Forge Treatment Plant is ready to treat and dispose of sewage.

4.13. Operating Expenses for the First Two Years.

Each such municipality set forth in Exhibit B shall pay to East Whiteland Township its share of the estimated operating expenses of the East Whiteland Trunk Line for the first two years of operation set forth after its name in Exhibit B (on the basis of reserved capacity) within thirty (30) days of receipt of the Certificates of the Consulting Engineers engaged by East Whiteland Authority, Tredyffrin Authority and Valley Forge Sewer Authority provided in Section 3.02. Said operating expense moneys for the first two years of operation shall be deposited in an Operating Expense Fund in the name of East Whiteland

Township separate and apart from any other fund of such Township. Investment of such moneys by East Whiteland Township shall be made subject to the same limitations set forth in Section 2.05 hereof. Within one hundred twenty (120) days of the close of said first two years of operation, East Whiteland Township shall cause a certified public accountant to prepare and submit to each participating municipality a detailed statement showing the actual annual operating expenses of the East Whiteland Trunk Line (as defined in Sections 4.06 and 4.07 hereof) and the apportionment of the cost among the said municipalities on the basis of reserved capacities as set forth in Exhibit B hereof. If at the end of the second year of operation the amount deposited hereunder by any municipality differs from the amount due, refunds or additional payments shall be made pursuant to Section 4.08 hereof.

ARTICLE V
QUALITY OF SEWAGE

5.01 General.

The sewage discharged directly or indirectly into the East Whiteland Trunk Line by any municipality or municipality authority shall be within the maximum limits presented below or pretreated to within the limits of Section 5.04.

5.02 Acceptability Standards.

After consultation with Valley Forge Sewer Authority, East Whiteland Township shall from time to time establish acceptability standards for sewage and industrial waste entering the collection system of any municipality or municipality authority and discharging directly or indirectly into the East Whiteland Trunk Line for the purpose of prohibiting materials or characteristics which would be deleterious to the East Whiteland Trunk Line, Valley Creek Trunk Sewer or to the Valley Forge Treatment Plant or the treatment process, which standards shall be reasonable and similar to standards imposed with regard to similar facilities and shall not be higher or more restrictive than those imposed by Valley Forge Sewer Authority. No municipality or municipality authority shall permit discharge directly or indirectly into the East Whiteland Trunk Line of any sewage or waste so certified to be deleterious, but such certification shall not preclude the municipality or municipality authority from contesting the reasonableness of such determination.

Subject to the foregoing, all municipalities and municipality authorities agree to enact or adopt or cause to be enacted or adopted uniform ordinances, resolutions, rules or regulations to prohibit users of the respective collection systems serving such municipalities and municipality authorities from discharging substances failing to meet such acceptability standards and to require all pre-treatment of sewage or other waste necessary to require the same to conform to the

acceptability standards and agree to take all necessary steps in the design and construction of the collection systems and in the subsequent maintenance and operation thereof (including the exercise of appropriate inspection of and control over building connections) to prevent infiltration of storm water and other improper substances into the collection systems.

5.03 Sampling Manholes.

For the purpose of determining the characteristics of sewage or wastes, each municipality or municipality authority shall install or cause to be installed a sampling manhole at the point of discharge at the property of any user which the consulting engineer of such municipality or municipality authority considers capable of discharging sewage or wastes not meeting any of such acceptability standards.

5.04 Industrial Wastes.

In order to control admission of industrial wastes, no party to this Agreement shall permit any industrial user to connect to or discharge into its collection system any waters or wastes other than sanitary waste without the prior review and approval of the consulting engineers and the consulting engineers of Valley Forge Sewer Authority. The consulting engineers' review (until such time as the following acceptability standards are amended in accordance with Section 5.02 hereof) shall be based on, but not limited to, the following standards:

Waste Characteristics to be Considered

Characteristics of the industrial waste shall not be in general in excess of those listed below:

- (1) The 5-day 20 deg. centigrade B.O.D. (bio-chemical oxygen demand) shall not exceed 250 ppm.
- (2) The suspended solids content shall not exceed 300 ppm.
- (3) The total solids content shall not exceed 1,100 ppm.

(4) The PH shall not be less than 6.0 nor shall it exceed 9.0.

(5) The temperature shall not exceed 150° F.

(6) The color shall not be such as to require special treatment to render the effluent acceptable for discharge into the Schuylkill River.

(7) The waste shall not contain greases and oils, inflammable material, non-biodegradable materials or any oxygen scavengers, sufficient in quantity to be injurious to the treatment plant or interfere with any treatment process or to constitute a hazard to human or animal life.

(8) The waste shall not contain any solid or viscous material capable of causing obstruction to the flow in the sewers, or at the Valley Forge Treatment Plant or any material capable of causing interference with the proper operation of the East Whiteland Trunk Line, The Valley Creek Trunk Sewer or the Valley Forge Treatment Plant.

Where required, in the opinion of the consulting engineers, the user shall provide at his expense such preliminary treatment or handling as may be necessary to modify the objectionable characteristics or control the quantities and rates of discharge of such water or wastes as necessary.

Plans, specifications, and any other pertinent information relating to proposed preliminary treatment or handling facilities shall be submitted for review to Valley Forge Sewer Authority and no construction of such facilities shall be commenced until a permit for the connection is obtained in writing from Valley Forge Sewer Authority. A copy of each such permit shall be furnished to East Whiteland Township.

In order to insure quality compliance and to reduce the possibility of accidental discharges of wastes not conforming each municipality and municipality authority shall sample, test or otherwise examine industrial wastes as often as reasonably necessary to insure quality compliance.

5.05 Combined Sewage and Industrial Wastes.

In order to control the sewage entering, Valley Forge Sewer Authority will sample the discharge from each municipality or municipality authority period-

ically to insure that no characteristic is evident which would be deleterious to the East Whiteland Trunk Line, the Valley Creek Trunk Sewer or the Valley Forge Treatment Plant or the treatment process.

The characteristic of each combined sewage and industrial waste discharge shall not be in excess of those listed under Section 5.04 except that the temperature of the combined discharge shall not exceed 100° F. Each municipality or municipality authority shall provide facilities to prevent the occurrence of septic conditions in the East Whiteland Trunk Line.

Should Valley Forge Sewer Authority find either the BOD or suspended solids characteristics exceeded as determined in the tests on the periodically obtained samples, the potentially offending municipality or municipality authority shall be notified of the findings and requested to examine the conditions. If at the end of a quarter Valley Forge Sewer Authority determines that the discharge from the municipality or municipality authority is in excess of the characteristics as determined by average test results by periodic sampling, the suspected offender shall be given written notice that its discharge is in excess and that a comprehensive sampling and testing program will be undertaken by Valley Forge Sewer Authority to verify the non-compliance and to notify that steps should be taken to rectify the problem.

If, at the end of the quarterly comprehensive test program the problem has not been rectified, a penalty charge as provided in Section 5.06 will be added to that quarter's billing and until the situation is shown to be corrected.

Should Valley Forge Sewer Authority find any of the additional characteristics to be in excess or to find the presence of any other untested deleterious material in the course of periodic sampling and testing the potential offending municipality or municipality authority shall be given notice to take immediate steps to rectify the problem.

ARTICLE VIDETERMINATION OF QUANTITY OF SEWAGE DISCHARGED
INTO THE EAST WHITELAND TRUNK LINE6.01 Meters or Measuring Devices.

In order to measure in gallons the quantity of sewage emanating from the Borough of Malvern and the Township of East Whiteland, which is discharged into the various sections or reaches of the interceptor or trunk sewers of the East Whiteland Trunk Line, each of said municipalities shall each, at its expense, construct or cause to be constructed, where feasible, a sewage meter or sewage flow measuring device at each point necessary to determine the volume of sewage emanating from the Borough of Malvern and the Township of East Whiteland, discharged into the East Whiteland Trunk Line. The above sewage meters and related equipment such as recorders and charts shall be as mutually agreed upon by the Consulting Engineers and the consulting engineers of Valley Forge Sewer Authority and of said municipalities. All metering stations shall provide facilities for sampling the sewage.

6.02 Calibration and Readings.

All meters or measuring devices constructed or installed by Valley Forge Sewer Authority, the Borough of Malvern and the Township of East Whiteland, shall be calibrated by Valley Forge Sewer Authority at least once each year and, if requested by East Whiteland Township, shall be checked at other times as a cost of operating the Valley Forge Treatment Plant. All readings of each such municipality or municipality authority's meter or measuring device shall be performed by a representative of said municipality, of Valley Froge Sewer Authority and of East Whiteland Township. Meters or measuring devices shall be read or examined on the date each municipality or municipality authority first connects and on the first day of each quarter of each year during the term of this Agreement

to determine the quantity of sewage emanating from each municipality or area served by a municipality authority for the previous quarterly period or portion thereof. Copies of meter readings or measuring device examinations shall forthwith be delivered to each municipality and to Valley Forge Sewer Authority and to East Whiteland Township.

6.03 Maintenance and Operation.

All meters and measuring devices used for the purpose of determining flows into the Valley Creek Trunk Sewer and used for billing purposes will be routinely serviced and inspected by Valley Forge Sewer Authority as a part of the treatment plant operating expense. Valley Forge Sewer Authority shall undertake to have an inoperative or inaccurate meter or measuring device repaired as soon as practicable with the cost of such repair being charged back to the owner. Valley Forge Sewer Authority shall not be obligated to provide service to any devices other than the primary metering element, recorders, transmitters and other instruments. Each municipality or municipality authority shall, at its own expense, be responsible for all other maintenance and operation of its sewage metering facilities.

6.04 Missing or Inaccurate Flow Records; Use of Equivalent Dwelling Units as Measurement of Flow.

In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows shall be made by the Consulting Engineers for the purpose of determining volume of sewage discharges. This estimate will be based on a valuation of past flow records as applied to the then existing conditions and as reviewed and approved by the Consulting Engineer of the respective municipality or municipality authority.

In the absence of meter readings during the early period of low flows, when the sewage recording meters may not register the flow, or where meters

cannot practically be installed, flow quantities shall be determined on the basis of the average number of Equivalent Dwelling Units (upon the basis of a discharge rate of 275 gallons per Equivalent Dwelling Unit per day). The number of Equivalent Dwelling Units shall be determined at the beginning and end of each calendar quarter during the term of this Agreement based upon a certification by a responsible officer of the municipality or municipality authority as to the number of such Equivalent Dwelling Units so connected by the municipality or municipality authority at the beginning and end of each quarter and shall be averaged on the basis of the number of units so connected at the beginning and end of each such quarter. Where the initial connection of the collection system of any municipality or municipality authority is made to the East Whiteland Trunk Line after the first day of a calendar quarter, the quantity of sewage so discharged shall be based on the number of Equivalent Dwelling Units so connected at the end of such quarter prorated on the basis of the number of days in such calendar quarter that any sewage is so discharged from such municipality or municipality authority. For the purpose of determining the number of Equivalent Dwelling Units represented by schools, churches or municipal buildings, commercial or industrial establishments, etc., the factors set forth in Exhibit C shall be applied. The officials and representatives of East Whiteland Township may inspect the records of any connecting municipality or municipality authority for the purpose of determining the accuracy of the number of Equivalent Dwelling Units certified by such municipality or municipality authority.

6.05 Proportion of Flows.

The quantity of sewage discharged into the several sections or reaches of the East Whiteland Trunk Line shall be determined, with respect to each such municipality or municipality authority in the ratio that the quantity of sewage emanating from each such municipality or municipality authority (determined as

above) shall bear to the total quantity of sewage discharged into such sections or reaches of the East Whiteland Trunk Line from all municipalities and any municipality authority.

Valley Forge Sewer Authority shall undertake to prepare a complete distribution of the total volume of sewage received and metered at the sewage treatment plant during each calendar quarter and during each calendar year, with respect to each such municipality or municipality authority which discharges sewage that is treated in the Valley Forge Sewer Authority sewage treatment plant, such distribution to include all metered and unmetered sewage flows of each municipality or municipality authority.

ARTICLE VII

RENTING UNUSED CAPACITY; EXTRAORDINARY REPAIRS,
RENEWALS OR REPLACEMENTS OF INTERCEPTOR OR
TRUNK SEWERS; ENLARGEMENTS OR ADDITIONAL INTER-
CEPTOR OR TRUNK SEWERS.

7.01 Renting Unused Capacity.

Each municipality discharging from its sewage collection system into the East Whiteland Trunk Line during a calendar year a volume of sewage less than its reserved capacity, as set forth in Exhibit B shall be deemed to have been placed its unused capacity in a rental pool. Any municipality (each of which is herein called "lessee municipality") discharging sewage into the East Whiteland Trunk Line in any calendar year in excess of its reserved capacity, as set forth in Exhibit B, shall rent from the pool for the entire calendar year capacity equal to the volume by which it exceeds its reserved capacity (with the total volume discharged by it being reduced to gallons per day by dividing the total gallons discharged by it in such calendar year by 365). The annual rental fee to be paid by the lessee municipality shall be the representative annual "debt service" (calculated at equal annual payments to amortize the debt, including seven per cent (7%) interest per annum for a 25-year term) for the amount obtained by multiplying the fraction of the rated capacity of the East Whiteland Trunk Line or of any section or reach thereof rented for the current calendar year by the total of capital contributions made by all parties hereto toward the cost of providing the East Whiteland Trunk Line or such section or reach thereof as then being used. The capacity thus rented by the lessee municipality shall be rented annually by it until the next expansion of the East Whiteland Trunk Line, at which time the lessee municipality

shall surrender the capacity rented by it and shall, at its expense, replace the capacity rented by it (in each such section or reach or pumping station) so that each lessor municipality will receive back its reserved capacity placed in the pool. In no event, shall any contribution of capacity to the rental pool be construed to decrease the reserved capacity in the East Whiteland Trunk Line or any section or reach thereof of any lessor municipality.

The rental fees shall be distributed to the contributors to the rental pool in proportion to their contributions (the contribution as to each being the difference between its actual flow during the current calendar year [reduced to gallons per day] and its reserved capacity) the rental fee owed by each lessee municipality, together with the proposed distribution thereof to the lessor municipalities, shall be shown as separate items in the annual statement furnished pursuant to Section 4.05 hereof. Rental fees owed shall be paid by each municipality to East Whiteland Township within sixty (60) days of receipt of said annual statement unless arbitration has then been requested, and in such event shall be paid within thirty (30) days of the date the matter is resolved pursuant to the procedure set forth in Section 9.01. Distribution of the rental fees shall be made by East Whiteland Township promptly thereafter as provided herein.

Although rental payments shall be paid and distributed hereunder on the basis of actual flows, the total estimates of sewage to be discharged into the East Whiteland Trunk Line in a calendar year pursuant to Section 4.02 hereof, shall be used to avoid exceeding the rated capacity of the East Whiteland Trunk Line or any section or reach thereof. In the event that the total of said estimates, pursuant to Section 4.02, exceeds 90% of the rated capacity of any

section or reach of the East Whiteland Trunk Line (with the remaining 10% being used as a safeguard against underestimation), the Consulting Engineers of East Whiteland Township shall allocate the capacity in the pool (as estimated) among the municipalities estimating discharge in excess of their reserved capacities in proportion to their flows during the preceding calendar year; provided, however, that any municipality may continue to rent the number of gallons of capacity previously rented by it. No municipality shall permit any new connection to be made to its collection system or permit increased flow from any existing connection (due to construction and connection to the system of additional facilities) if so permitting might cause its volume of sewage discharged into the East Whiteland Trunk Line at peak flows during such calendar year to exceed the total of its reserved capacity and the capacity in the pool allocated to it by the Consulting Engineers of East Whiteland Township for such year.

7.02 Extraordinary Repairs, Renewals or Replacements of Interceptor or Trunk Sewers and Pumping Stations; Enlargements or Additional Interceptor or Trunk Sewers.

If, during the term of this Agreement, any interceptor or trunk sewer (or any section or reach thereof) of the East Whiteland Trunk Line used in whole or in part for the conveyance of sewage emanating from any of the municipalities (in addition to sewage emanating from East Whiteland Township) to the Valley Forge Treatment Plant shall require extraordinary repairs, renewals or replacements, each municipality and municipality authority named in Exhibit B agrees to pay or to cause to pay to the East Whiteland Authority (but only from legally available current revenues, sewer rentals available and funds which can be legally borrowed) its proportionate share of the project cost of such repairs, renewals or replacements.

The necessity for and the extent of such extraordinary repairs, renewals or replacements of any such section or reach of an interceptor or trunk sewer (with a breakdown by municipality or municipality authority) shall be determined by the Consulting Engineers engaged by East Whiteland Authority subject to the approval of the municipalities affected (which approval may be withheld only for sound engineering reasons), after consultation with the consulting engineers of each of the said municipalities and municipality authorities affected and written notice of such determination together with the Consulting Engineers' estimate of the cost thereof (with a breakdown by municipality or municipality authority) shall be given to each such municipality and municipality authority affected.

Each such municipality and municipality authority affected shall pay or cause to be paid to East Whiteland Authority the proportion of the project cost of such repairs, renewals or replacements in the proportion that the reserved capacity of such municipality or municipality authority in such section or reach of interceptor or trunk sewer shall bear to the total of the reserved capacities of all such municipality or municipality authority in such sections or reaches.

At such times as (a) eighty per cent (80%) of the rated capacity of the East Whiteland Trunk Line or any section or reach thereof is used or (b) estimates of volume under Section 4.02 exceed ninety per cent (90%) of said rated capacity or (c) in the event (i) enlargement of any interceptor or trunk sewer (or any section or reach thereof) or the construction of an additional interceptor or trunk sewer within East Whiteland Township or partly within and partly without East Whiteland Township or (iii) the enlargement of

any pumping station or the construction of an additional pumping station within East Whiteland Township is required to meet the requirements or standards prescribed by the Sanitary Water Board of the Pennsylvania Department of Health or any other governmental authority having jurisdiction. East Whiteland Authority shall construct such enlargement or additional sewer or pumping station; and each municipality and municipality authority named in Exhibit B agrees to pay East Whiteland Authority (but only from legally available current revenues, sewer rentals available and funds which can be legally borrowed) its proper proportionate share of the project cost of enlargement or additional sewer or pumping station. The necessity for the extent of such enlargement or additional sewer or pumping station (with a breakdown by municipality or municipality authority) shall be determined by the Consulting Engineers engaged by East Whiteland Authority subject to the approval of such municipalities or municipality authorities (which approval may be withheld only for sound engineering reasons), after consultation with the Consulting Engineers of each municipality or municipality authority and written notice of such determination together with the Consulting Engineers' estimate of the cost thereof (with a breakdown by municipality and municipality authority) shall be given to each municipality and municipality authority affected.

Each such municipality or municipality authority affected shall pay or cause to be paid to East Whiteland Authority the proportion of the project cost of such enlargement of or additional interceptor or trunk sewer or enlargement of or additional pumping station on the basis of the proposed increases in design capacities to be reserved for each municipality or municipality authority in such

enlarged or additional reach or section of interceptor or trunk sewer or in such enlargement of or additional pumping station. The reserved capacities shall be as set forth in Exhibit B subject to any changes in such reserved capacities as may be requested by any municipality or municipality authority. Adjustment shall be made so that each lessee municipality or municipality authority pursuant to Section 7.01 hereof bears the expense of replacing the capacity rented by it and each lessor municipality receives back its reserved capacity placed in the pool.

The project cost of the aforesaid extraordinary repairs, renewals or replacements, enlargements or additions shall be determined as hereinabove provided with respect to the construction of the several sections or reaches of the respective interceptor or trunk sewers and the pumping stations of the East Whiteland Trunk Line set forth in Article II hereof and shall be paid and accounted for in the same manner as that provided in Article II hereof. Each party authorizes and directs East Whiteland Authority on behalf of each municipality and municipality authority from time to time to apply for and accept any one or more grants in aid towards the aforesaid extraordinary repairs, renewals or replacements, enlargements or additions.

7.03 Construction Fund.

Moneys paid pursuant to Section 7.02 of this Article shall be deposited, held and disbursed pursuant to the Construction Fund provisions set forth in Article II hereof.

ARTICLE VIII

INSURANCE AND DAMAGE OR DESTRUCTION

8.01 Insurance on East Whiteland Trunk Line.

East Whiteland Authority agrees that during the construction of East Whiteland Trunk Line it will at all times cause to be kept in force builder's risk insurance (or equivalent coverage) upon any work done or materials furnished under construction contracts (except foundations and any other structures not customarily covered by such insurance) said policies to be written in completed value form for 100% of the insurable value of the contracts. East Whiteland Township agrees that upon completion of such construction it will at all times as an East Whiteland Trunk Line operating expense cause the East Whiteland Trunk Line to be insured against loss or damage by fire or other casualty in such amount and against such risks as are usually carried with respect to like properties, provided that the amount of such insurance shall be sufficient to prevent the insured from becoming a co-insurer thereunder by reason of any co-insurance clause in the policies. All such insurance policies shall (a) be written by responsible insurance companies authorized and qualified to do business in Pennsylvania, (b) be non-assessable and (c) name as the insureds East Whiteland Authority, East Whiteland Township and the Trustee of the Trust Indenture executed by East Whiteland Authority to secure its bonds issued to provide for the construction in whole or in part of the East Whiteland Trunk Line and, in addition, during any period of repair or construction the contractors engaged in such repair or construction, and to the extent procurable shall not be cancellable for at least fifteen (15) days prior written notice to such named insureds. All payments made under such policies on account of loss shall be paid to the aforesaid Trustee. East Whiteland Township agrees to furnish to each municipality before commencing operation of the East Whiteland Trunk Line

and before the start of each year during the term of this Agreement a certificate of the Consulting Engineers stating the amount and kind of such insurance in effect for the ensuing year and that the same is, in the opinion of the Consulting Engineers, in compliance with the requirements of this section.

8.02 Repair or Reconstruction with Insurance Proceeds.

In the event any damage to the facilities covered by such insurance, East White Authority, upon receipt of the necessary funds as provided for herein, shall promptly repair or replace the damaged property unless the Consulting Engineers certify that it would not be practical and advantageous to do so. It is agreed that in the absence of such a certification the proceeds of all insurance coverage to the extent necessary shall be applied to such repair or reconstruction.

8.03 Repair or Replacement not covered by Insurance Proceeds.

In the event that it shall become necessary, in order to convey sewage to the Valley Forge Treatment Plant in accordance with the purport and intent of this Agreement, to make an extraordinary repair or replacement of any section or reach of any interceptor or trunk sewer or of any pumping station constituting a part of the East Whiteland Trunk Line because of damage or destruction by casualty or otherwise, and there are insufficient funds available from insurance proceeds to pay the costs and expenses thereof, East Whiteland Authority and Malvern Authority shall forthwith pay over to East Whiteland Authority (but only from legally available current revenues, sewer rentals and borrowed funds) for deposit in a special construction fund such amount as is required for the purpose, in the same proportions and in the

the same manner as that hereinabove provided under Section 7.02.

8.04 Providing Conveyance Capacity by a means other than
Repair or Reconstruction of the East Whiteland Trunk Line.

In the event that proceeds of insurance resulting from damage to the East Whiteland Trunk Line are not applied to the repair or the replacement of the damaged property because the same is determined to be impractical and not advantageous (pursuant to Section 8.02 hereof) such proceeds shall be applied towards the provision of conveyance capacity pursuant to Section 7.02 hereof. In such event credit for funds so applied shall be given to the municipalities in the same proportions as capital contributions towards the project cost of the East Whiteland Trunk Line were made by each.

ARTICLE IX

ARBITRATION

9.01 Arbitration as the Charges provided in Articles II and IV.

In the event any disagreement shall arise concerning the charges provided in Articles II and IV and the parties cannot otherwise promptly resolve the same, such disagreement shall be submitted within ten (10) days of the time any party requests arbitration to a certified public accountant appointed by method agreed upon by the parties. In the event of failure to agree upon such an arbitrator within ten (10) days, an arbitrator shall be appointed by the Senior Judge of the Court of Common Pleas of Chester County available at the time when the Authority or any of the parties request appointment of an arbitrator. The decision of the accountant or arbitrator so chosen shall be binding and rendered within twenty (20) days. Any request for arbitration shall be made within sixty (60) days after receiving a certificate under Section 2.08 or a statement under Section 2.10,

Section 4.05 or Section 4.13, and if no such request is made the certificate or statement shall be considered correct and not subject to future questions. The fee of such certified public accountant or arbitrator shall be an operating expense of the East Whiteland Trunk Line.

9.02 Arbitration by Board of Arbitrators.

In the event any disagreement shall arise as to the interpretation of any provisions hereof or the rights and obligations of the parties hereunder (other than disagreements provided for in Section 9.01) and the parties cannot otherwise promptly resolve the same, such disagreement shall be submitted within ten (10) days of the time any party request arbitration to a Board of Arbitrators whose decision shall be binding and shall be rendered within twenty (20) days. Such Board shall consist of the Consulting Engineers appointed by East Whiteland Authority, a firm of consulting engineers selected by the other parties to this Agreement and a third professional engineer licensed in Pennsylvania selected by the Consulting Engineers appointed by East Whiteland Authority and by said other parties; provided, however, that East Whiteland Authority and the other parties to this Agreement may agree to select arbitrators other than engineers or may agree to submit the matter to a single arbitrator. In the event of failure of said engineers to agree upon a third engineer or arbitrator, the same shall be appointed in the manner set forth in Section 9.01 hereof. The fees of all arbitrators shall be an operating expense of the East Whiteland Trunk Line.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.01 Operation of East Whiteland Trunk Line.

East Whiteland Township agrees that it will, for and during the term of this Agreement by use of funds provided hereunder, operate and maintain the East Whiteland Trunk Line and that it will keep the same in good order and repair, save where prevented from doing so by act of God or riot, rebellion, sabotage, act of the public enemy or public calamity in which event East Whiteland Township may suspend operation of the East Whiteland Trunk Line until the cause of such suspension shall no longer exist and for such reasonable time thereafter as may be required to effect a resumption of operations.. Neither East Whiteland Authority nor East Whiteland Township shall at any time or under any circumstances be liable to any party for damages in case of failure or inadequacies of the East Whiteland Trunk Line or the Valley Creek Trunk Sewer, or the Valley Forge Treatment Plant to receive, convey, treat or dispose of sewage.

10.02 Operation of Collection Systems.

Each party agrees that during such time as it operates a sewage collection system it will continuously operate and keep and maintain its collection system at all time in first-class repair, order and efficient operating condition and will meet the standards prescribed by the Sanitary Water Board of the Pennsylvania Department of Health or any other governmental authority having jurisdiction. Each party agrees to pay the cost of any damage to the East Whiteland Trunk Line or fine imposed upon East Whiteland Authority or East Whiteland Township resulting from discharge of improper sewage from such party's collection system in violation of this Agreement or

from improper operation or maintenance of such party's collection system. Each party agrees to indemnify and save harmless all of the other parties against all costs, losses or damage on account of any injury to persons or property occurring in the performance of this Agreement due to the negligence of such party or its servants, agents or employees.

10.03 Leases.

In the event that any municipality authority shall at any time lease its collection system to a municipality, any right or obligation of such authority under this Agreement may be exercised and shall be performed, as the case may be, by the municipality instead of the municipality authority to the extent that it may legally do so. When, by reason of the termination of any collection system lease, or for any other reason, any municipality authority shall be in possession of its collection system, then without any further act or agreement such municipality authority shall succeed to and become vested with all of the rights, powers, duties and obligations under this Agreement granted to or imposed upon the municipalities which created such authority.

10.04 Public Utility Law.

In the event that the Commonwealth of Pennsylvania should subsequently lawfully confer jurisdiction of the subject matter of this Agreement upon the Pennsylvania Public Utility Commission in whole or in part, the parties shall, if requested so to do, proceed forthwith to obtain all necessary power, right and authority from the said Public Utility Commission or such other proper agency of such Commonwealth in order to carry out the terms, provisions and intentment hereof.

10.05 Permits.

In the event that it may be necessary for the proper performance of this Agreement on the part of the East Whiteland Authority or East Whiteland Township to apply to any governmental or other agency for any permit or license to do or perform any act or thing contemplated hereby, and if such application must be made by a municipality rather than by the East Whiteland Authority or East Whiteland Township, the municipality affected agrees that it will execute the required application upon request by the East Whiteland Authority or East Whiteland Township, it being understood that in executing such application the municipality shall not assume any obligations both those for which it would have been responsible had East Whiteland Authority or East Whiteland Township made the said application.

10.06 No Joint Liability.

With the exception of a municipality and a municipality authority organized by such municipality, no party shall be held to be jointly liable in the event of failure of any party to perform and discharge its obligations under this Agreement, it being the intent hereof that this shall constitute the separate agreement of each of the parties named herein and default by any party in the discharge of any obligation resting upon it hereunder, shall not relieve any party from full performance of and compliance with the terms hereof.

10.07 Connections.

Prior to the completion of construction of the Valley Forge Treatment Plant, the Valley Creek Trunk Sewer and the East Whiteland Trunk Line, the Borough and each Township which is a party

hereunder will (to the extent it has not done so prior thereto) take all action which may be legal and necessary to compel all properties located within its territorial limits and then capable or thereafter becoming capable of being served by the municipality's collection system to be connected therewith.

10.08 Records.

Each party agrees to make available at all reasonable times to the parties to this Agreement and their employees, agents and representatives, access to all records relating to matters covered in this Agreement and access to the physical facilities of each party in order to assure compliance with the terms and conditions of this Agreement. A copy of all ordinances, resolutions, rules and regulations adopted by each party from time to time, pursuant to this Agreement, shall be furnished to East Whiteland Authority within thirty (30) days after enactment.

10.09 Severability.

Should any one or more of the provisions of this Agreement for any reason be held illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement; and this Agreement shall, in such circumstances, be construed and enforced as if such illegal or invalid provision had not been contained herein.

10.10 Term.

This Agreement shall become effective upon its execution and delivery by all the parties hereto and shall remain in effect for forty years and thereafter shall be terminated only by mutual agreement of all parties.

10.11 Definitions.

The following terms and phrases shall have the meanings hereinafter set forth whenever such terms and phrases are used herein:

(a) "Consulting Engineers" means Roy F. Weston, Inc., and in the event said firm ceases to serve as the Consulting Engineers for East Whiteland Authority, an engineering firm or professional engineer having a favorable repute for skill and experience in the construction and operation of sewage treatment plants, registered in Pennsylvania and chosen by East Whiteland Authority.

(b) "Equivalent Dwelling Unit" shall mean any room, group of rooms, house trailer or other enclosure occupied or intended for occupancy as separate living quarters by a family or other group of persons living together or by persons living alone.

(c) "Industrial Uses" means any improved property used, in whole or in part, for manufacturing, processing, cleaning, laundering or assembling any product, commodity or article or from which any process waste, as distinct from sanitary sewage, is discharged.

(d) "Industrial Wastes" means any and all wastes discharged from an industrial establishment or by an industrial user, other than sanitary sewage.

(e) "Sewage", "Wastewater", "Sanitary Sewage" and "Sanitary Waste" means normal water-carried household and toilet wastes from any improved property and is limited to sewage permitted by Article V hereof and industrial wastes to the

extent permitted by Article V.

(f) "Improved Property" means any property upon which there is erected a structure intended for continuous or periodic habitation, occupancy or use by human being or animals and from which structure sanitary sewage and/or industrial wastes shall be or may be discharged.

(g) "pH" means the logarithm of the reciprocal of the concentration of hydrogen ions, expressed in grams per liter of solution, indicating the degree of acidity or alkalinity of a substance.

(h) "B.O.D." means biochemical oxygen demand.

10.13 Valley Forge Sewage Treatment Plant Agreement.

Should any of the provisions of this Agreement conflict or be inconsistent with provisions contained in the Valley Forge Sewage Treatment Plant Agreement, to which the parties hereto are signatories, the provisions of the latter shall supersede the provisions of this Agreement.

10.14 Execution.

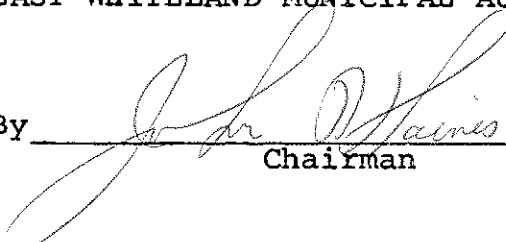
This Agreement may be executed in any number of counterparts each of which may be deemed an original.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and attested by its proper officers, pursuant to the proper action of its governing body, as of the day and year first above written.

EAST WHITELAND MUNICIPAL AUTHORITY

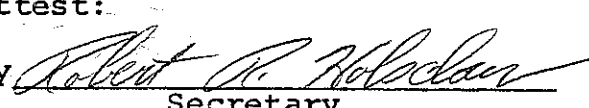
(AUTHORITY SEAL)

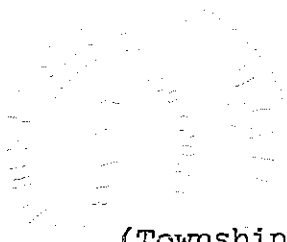
By


Chairman

Attest:

By


Secretary



TOWNSHIP OF EAST WHITELAND

(Township Seal)

Attest:

BY: Ed L. L.
Chairman, Board of Supervisors

By: J. Donald Reimenschneider
Secretary

MALVERN MUNICIPAL AUTHORITY

(Authority Seal)

Attest:

By: Richard J. Hays
Secretary

BY: George W. Higley
Chairman

BOROUGH OF MALVERN

(Borough Seal)

Attest:

By: Richard D. Hays
Secretary

BY: James E. Smith
President of Borough Council

VALLEY FORGE SEWER AUTHORITY

(Authority Seal)

Attest:

By:

Secretary

BY:

Chairman

EXHIBIT B - EAST WHITELAND TRUNK LINE

SECTION OF SEWER FROM MH TO MH	TOTAL ESTIMATED COST	EAST WHITELAND TOWNSHIP			D
		DESIGN CAPACITY - MGD	ESTIMATED SHARE %	ESTIMATED COST	
<u>WARREN AVENUE</u>					
Twp. line to MH 17-11	\$ 21,905	0	0	0	\$
MH 17-11 to MH 17-4	4,490	0.46	61.5	2,761	
<u>LINCOLN HIGHWAY</u>					
Twp. Line to MH 18A-1	5,021	0	0	0	
<u>ROW AND LANCASTER PIKE</u>					
Twp. line to MH 18A-1	26,589	0	0	0	
MH 18A-1 to MH 17-1	14,598	0	0	0	
MH 17-1 to MH 17-4	20,930	1.0	100.0	20,930	
MH 17-4 to MH 12-4	45,304	1.0	47.6	21,564	
MH 12-4 to MH 12-5	15,450	1.0	47.6	7,354	
<u>MOREHALL ROAD</u>					
MH 12-5 to MH 19-4	44,340	1.0	47.6	21,105	
MH 19-4 to MH 20-2	28,222	10.5	100.0	28,222	
<u>MATTHEWS ROAD AND ROW</u>					
MH 20-2 to MH 20-8	86,976	10.5	100.0	69,976	
MH 20-8 to MH 21-3	107,239	10.5	88.3	94,692	
MH 21-3 to MH 21-6	32,908	10.5	88.3	29,057	
TOTAL CONSTRUCTION COST	453,972			312,661	
ENGINEERING, SURVEYING AND INSPECTION	61,000			42,090	
LEGAL, LAND AND ROW	18,900			13,041	
CONTINGENCY	<u>45,398</u>			<u>31,266</u>	
TOTAL PROJECT COST ALLOCATED TO TRUNK LINE	\$579,270			\$399,059	

EXHIBIT B

EAST WHITELAND TRUNK LINE

ENGINEERING COST DISTRIBUTION
FOR DESIGN SERVICES

	Engineering Design Fees	\$24,790	
	<u>Total Estimated</u> <u>Construction Cost</u>	<u>% Share of</u> <u>Construction Cost</u>	<u>Engineers</u> <u>Cost</u>
East Whiteland Municipal Authority	\$312,661	68.89	\$17,078
Malvern Municipal Authority	<u>\$141,311</u>	<u>31.11</u>	<u>\$ 7,712</u>
-TOTALS	\$453,972	100.00	\$24,790

EXHIBIT B

EAST WHITELAND TRUNK LINE

FIRST TWO YEAR OPERATING AND ADMINISTRATIVE EXPENSES

I. Estimated First Two Year Operating Expenses

Salaries and Wages	\$ 3,000
Maintenance and Repairs	1,000
Miscellaneous	<u>400</u>
Total I	\$ 4,400

II. Estimated First Two Year Administrative Expenses

Salaries and Wages	\$ 3,000
Office Supplies	200
Insurance and Bonds	1,000
Engineering	1,000
Legal	1,000
Auditing	2,000
Miscellaneous	<u>1,000</u>
Total II	\$ 9,200
Total I and II	\$13,600

EXHIBIT B

EAST WHITELAND TRUNK LINE

DISTRIBUTION OF FIRST TWO YEAR OPERATING AND
ADMINISTRATIVE EXPENSES

	<u>ALTERNATIVES</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Total Expenses from Sheet 3	\$13,600	\$13,600	\$13,600	\$13,600
Construction Cost Eligible for State Subsidy (1)	\$24,727	\$24,727	\$24,727	\$24,727
Project Cost Eligible for Subsidy	\$32,200	\$32,200	\$32,200	\$32,200
State - Federal Grant on Eligible Project Cost	\$20,626	\$16,100	\$20,286	\$23,828
Net Eligible Cost for State Subsidy	\$21,574	\$16,100	\$11,914	\$ 8,372
State Subsidy (2)	\$ 431	\$ 322	\$ 238	\$ 167
Net First Two Year Operating and Administrative Expenses	\$21,143	\$15,778	\$11,676	\$ 8,205

		<u>ALTERNATIVES</u>			
<u>Distribution</u>	<u>% of Total Project Cost</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
East Whiteland Municipal Authority	68.89	\$14,565	\$10,869	\$ 8,044	\$ 5,652
Malvern Municipal Authority	<u>31.11</u>	<u>\$ 6,576</u>	<u>\$ 4,909</u>	<u>\$ 3,632</u>	<u>\$ 2,553</u>
TOTAL	100.00	\$21,143	\$15,778	\$11,676	\$ 8,205

(1) From MH 21-6 to MH 21-4

(2) State subsidy assumed to be received during second year of operation

SUPPLEMENT TO EXHIBIT B

EAST WHITELAND TRUNK LINE

ALTERNATIVES TO EXHIBIT B FOR VARYING P.L. 660 GRANTS

	<u>ALTERNATIVES</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Federal Grant	30%	30%	30%	40%
State Grant	0	17	30	30
Federal Grant	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>
for Regional				
TOTAL	33%	50%	63%	74%
Estimated Project Cost (1)	\$579,270	\$579,270	\$579,270	\$579,270
Eligible Cost	565,270	565,270	565,270	565,270
Grants	186,539	282,635	356,120	418,300
Estimated Project Cost to be Distributed	392,731	296,635	223,150	160,970

		<u>ALTERNATIVES</u>			
<u>Distribution</u>	<u>% of Total Project Cost</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
East Whiteland Municipal Authority	68.89	\$270,552	\$204,352	\$153,728	\$110,892
Malvern Municipal Authority	<u>31.11</u>	<u>122,179</u>	<u>92,283</u>	<u>69,422</u>	<u>50,078</u>
TOTALS	100.00	\$392,731	\$296,635	\$223,150	\$160,970

(1) See Sheet 1 of Exhibit B for Breakdown

FACTORS FOR DETERMINATION OF
EQUIVALENT DWELLING UNITS

<u>Classification</u>	<u>Number of E.D.U.</u>
A. Each private dwelling or living unit	1
B. Each fire house or municipal building	1
C. Each church	1
D. Each public or private day school Elementary, junior or senior high school Based on the daily average number of pupils enrolled on days when the school was in session during the quarter immediately preceding the date for determination of the number of connections, divided by the factor of 20. Teachers and employees shall be classified as pupils. Average enrollment shall be redetermined annually.	
E. Each retail gas station without car washing facilities	2
F. Each retail gas station with car washing facilities	3
G. Each commercial establishment, hospital, convalescent home, or institution The quantity of water used shall be evidenced by meter readings of water meters installed by water suppliers for the purpose of measuring water purchased from said water supplier and such other meters or measuring devices as may be installed. The quantity of water used during the quarter immediately pre- ceding the date for determination of the number of connections divided by 24,750 gal- lons shall represent the number of Equivalent Dwelling Units determined in respect of such establishment. Where no meter has been installed by the supplier or no other meter or measuring device has been installed, the number of Equivalent Dwelling Units shall be estimated.	
H. Each motel, hotel, or rooming house Each unit or room shall be evaluated as one-half an Equivalent Dwelling Unit. Where a restaurant or bar room is conducted in conjunction with any motel or hotel, a separate determination for such restaurant or bar room shall be made in accordance with paragraph "G" above.	
I. Industrial Establishments The quantity of water used shall be evidenced by meter readings of water meters installed by water suppliers for the purpose of measuring	

water purchased from said water supplier and such other meters or measuring devices as may be installed. The quantity of water used during the quarter immediately preceding the date for determination of the number of connections divided by 24,750 gallons shall represent the number of Equivalent Dwelling Units determined in respect of such establishment.

Where no meter has been installed by the supplier or no other meter or measuring device has been installed, the number of Equivalent Dwelling Units shall be estimated.

- J. Multiple Use. In case of a combination of one or more dwelling or living units with a similar unit or units or with one or more commercial establishments in the same or connected building with each thereof having the use of the Valley Creek Trunk Sewer (directly or indirectly) through one sewer connection, then each such private dwelling or living unit and each such commercial establishment shall be evaluated on the basis of the applicable factors for each use thereof as if such use were conducted in a separate structure and as if each such use had a direct and separate connection to the Valley Creek Trunk Sewer